Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION

In the Matter of

Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service MM Docket No. 87-268

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To: The Commission

REPLY COMMENTS OF HOME BOX OFFICE

Home Box Office, a division of Time Warner

Entertainment Company, L.P. ("HBO"), by its attorneys,
hereby replies to the comments submitted in response to the
Commission's Fourth Further Notice of Proposed Rulemaking
and Third Notice of Inquiry in the above-captioned
proceeding.¹

All commenters in this Advanced Television ("ATV") proceeding have recognized that digital television and compression have transformed the future, and none disputes high definition television's ("HDTV") standing as digital television in its highest form. As the record in this proceeding amply demonstrates, HDTV promises consumers dazzlingly clear, almost photographic television images and

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Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service, MM Docket No. 87-268, FCC 95-315 (released August 9, 1995) ("Notice" or "NPRM").

resonant sound. HDTV's future becomes clouded, and the debate in this proceeding erupts, however, because technological advances now will permit the transmission of multiple channels of standard definition television ("SDTV") and other ancillary services within the 6 MHz channel allotted for HDTV.

Certain participants in this proceeding would lead the Commission down a path that shifts focus away from HDTV and toward these inferior subsets of digital technology. Like HBO, however, numerous commenters have recognized that this deemphasis of HDTV has the potential to undermine the creation of extraordinary improvements in free, over-the-air broadcasting and other television distribution systems. The Commission therefore, should heed the warnings of those commenters who seek to maintain the Commission's policy direction toward its original and well-founded goal -- the creation, promotion and provision of HDTV to the American consumer.

HBO concurs with those commenters, such as the Electronics Industries Association and Advanced Television Committee, who maintain that the Commission's overarching goal in this proceeding should be to promote ubiquitous HDTV. The biggest threat to this goal is the unlimited spectrum flexibility that commenters such as the National Association of Broadcasters ("NAB") and the Joint Broadcasters advocate. If, as General Instrument ("GI") recognizes, the Commission grants broadcasters sufficient

flexibility to permit the primary use of the ATV channel for SDTV, it would create confusion. Consumers would be induced to buy SDTV rather than HDTV receivers, creating the type of two-step transition the Commission consistently has rejected in the context of broadcasters' migration to digital technology, or precluding the transition to HDTV at all. GI Comments at 5.

Given flexibility, broadcasters could incorporate any number of programming permutations on their second channels, mixing HDTV with SDTV and subscription services, airing only HDTV broadcasts, or foregoing HDTV altogether. Without some standardization, manufacturers will not have the incentive to create and improve HDTV equipment and produce it in the volumes necessary to bring down prices. If consumers are presented with a variety of digital formats in each television market, some of which may not include HDTV at all, confusion will permeate the transition process and consumers may never have the opportunity to access and embrace the extraordinary improvements inherent in HDTV. In sum, as the Cable Television Association ("CATA") aptly recognizes, if the Commission "does not mandate an HDTV standard and designate spectrum for the sole use of HDTV, there will be no HDTV." CATA Comments at 2.

In order to remain true to the goal of promoting ubiquitous HDTV, HBO submits that the Commission must determine that the ATV channel allocated to incumbent broadcasters be used solely for the provision of HDTV, or,

at the very least, mandate substantial minimum levels of HDTV programming. As HBO indicated in its initial comments in this proceeding, and as commenters such as the Digital HDTV Grand Alliance, Cap Cities/ABC, Inc. and New World Television agree, to foster the further development and acceptance of HDTV, digital HDTV broadcasts must occur during popular dayparts, including prime time and weekend afternoons, where consumers will most easily access, comprehend, and appreciate the dramatic improvement in their television service. Only by requiring broadcasters to present a significant amount of HDTV programming during time periods when consumers are most likely to watch can enough demand for HDTV be created to warrant the large scale manufacture of digital television sets and reduction in HDTV equipment prices necessary to foster its proliferation. this end, the five hours per week suggested by the Joint Broadcasters, NBC and others is insufficient to ensure that viewers are given a fair opportunity to experience HDTV and to stimulate the market enough to create a rapid transition.2

Given the superior quality service HDTV promises the American public, HBO agrees with NYNEX that technological advances like SDTV "do not provide any basis for abandoning the public interest in HDTV broadcasts." NYNEX Comments at

HBO concurs with GI and the Digital HDTV Grand Alliance that 25 hours per week, with 15 hours in prime time and/or on weekend afternoons, is the minimum amount of HDTV programming sufficient to provide a true consumer test.

5. If, however, the Commission determines that the public interest warrants a shift in focus away from HDTV and toward SDTV or other uses, the Commission must reexamine whether it has sufficient basis for creating a 6 MHz spectrum set aside for incumbent broadcasters. HBO concurs with GI's assessment that the assignment of an additional 6 MHz channel to each current broadcaster simply is not justified "except to the extent that it is used in support of the continued maintenance of a system of free, over-the-air television." GI Comments at 4.

Any decision to allow broadcasters substantial flexibility in the use of the additional spectrum originally designated for the provision of HDTV cannot be reconciled with Ashbacker Radio Corp. v. FCC, 326 U.S. 327 (1945) ("Ashbacker"). Simply put, the precedent of relying on incumbent broadcasters' expertise to ensure the proliferation of HDTV as primary justification for granting them virtually automatic and exclusive use of a second channel at no cost breaks down if the Commission allows too much flexible use. Moreover, as GI points out, an Ashbacker problem is created because flexibility would "chang[e] the primary service provided rather than merely modif[y] existing licenses," thus contravening the Ashbacker guarantee that broadcasters and potential new applicants be

Numerous commenters, including HBO, GI, NYNEX, the Media Access Project and the Personal Communications Industry Association ("PCIA"), agree that flexibility in the use of ATV spectrum raises this legal problem.

given equal opportunity with respect to seeking licenses for new broadcast spectrum. GI Comments at 6. As HBO stated in its initial comments in this proceeding, by opening the second channel to uses other than HDTV, in which broadcasters have no more vested interest or expertise than potential competing applicants, the public interest rationale for granting the spectrum to these incumbents, without a competitive process, evaporates. Similarly, the idea that the second channel will be used to enhance the existing television service rather than for a new service is compromised. In effect, then, from a policy perspective, without an HDTV mandate, the 6 MHz set aside would be "tantamount to a giveaway of this valuable public resource." GI Comments at 7. From a legal perspective, if the Commission does not mandate HDTV as the primary use of ATV spectrum, it must make these licenses available to all applicants. GI Comments at 7-8, PCIA Comments at 9-10.

Finally, HBO agrees that one of the most significant issues in this proceeding is whether incumbent television broadcasters will be entitled to must-carry rights over the new technologies. HBO's position regarding must-carry comports with that of the National Cable Television Association ("NCTA"), as described in NCTA's comments in this proceeding. HBO concurs that given the legal uncertainty surrounding the constitutionality of the existing must-carry regime, it would be premature for the Commission to compel carriage of additional services at this

time. Further, because requiring cable operators to carry a plethora of "broadcast" channels would limit the remaining capacity available on cable systems, "extending must-carry would devastate cable programmers" by impairing their access to viewers. NCTA Comments at 3. Moreover, any extension of must-carry would "virtually obliterate cable operators' editorial discretion." Id.

Although HDTV represents a quantum leap forward in the provision of television service, SDTV, which is basically the digital equivalent of current NTSC television, signifies nothing more than more of the same. The entry into SDTV is a prescription for indefinite postponement of a significant advance in television that has been more than twenty years in the making. The Commission must reaffirm its commitment to HDTV and establish rules and policies that will foster the development and deployment of HDTV as originally intended.

Respectfully submitted,

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January 16, 1996

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